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Affinity Ghana Savings and Loans Ltd

Summary of Audited Financial Statements For The Year Ended 31 December 2024

Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2024

| | Dec-24 | Dec-23 |
|--|---------------------|---------------------|
| | GHS | GHS |
| | | |
| Interest income | 10,985,157 | 6,358,986 |
| Interest expense | <u>(4,647,955)</u> | <u>(4,131,745)</u> |
| Net interest income | 6,337,202 | 2,227,240 |
| Fees and commissions income | 712,549 | 531,846 |
| Fees and commission expense | <u>(414,301)</u> | <u>(50,542)</u> |
| Net fee and commission income | 298,248 | <u>481,304</u> |
| Net trading income | 6,635,451 | 2,708,544 |
| Other operating income | 1,012,470 | <u>2,748,539</u> |
| Operating Income | 7,647,920 | 5,457,083 |
| Impairment charges | (1,204,355) | (168,781) |
| Personnel expenses | (12,169,982) | (10,532,470) |
| Depreciation of property and equipment | (1,093,503) | (960,301) |
| Depreciation of right-of-use assets | (1,175,739) | (685,776) |
| Amortisation of intangible Assets | (130,096) | (117,458) |
| Other operating expenses | (9,405,692) | <u>(7,415,034)</u> |
| Net operating expenses | (25,179,367) | (19,879,820) |
| Profit before income tax | (17,531,447) | (14,422,737) |
| Income tax expense | <u>-</u> | - |
| Loss for the year | (17,531,447) | (14,422,737) |
| Total comprehensive income | <u>(17,531,447)</u> | <u>(14,422,737)</u> |

Summary statement of financial position as at 31 December 2024

| | Dec-24 | Dec-23 |
|---------------------------------|------------------|-------------------|
| Assets | GHS | GHS |
| Cash and bank balances | 12,102,672 | 1,220,269 |
| Investment securities | 17,478,201 | 9,458,771 |
| Loans and advances to customers | 13,236,593 | 13,221,826 |
| Other assets | 4,079,558 | 933,630 |
| Property and equipment | 5,001,438 | 4,667,251 |
| Right-of-use assets | 7,000,826 | 8,176,565 |
| Intangible assets | <u>110,498</u> | 240,594 |
| Total assets | 59,009,786 | 37,918,905 |
| Equity and liabilities | | |
| Liabilities | | |
| Customer deposits | 32,604,099 | 26,405,085 |
| Deposit for shares | 46,191,267 | 15,519,287 |
| Lease liabilities | 8,516,536 | 8,176,565 |
| Other liabilities | <u>3,185,270</u> | <u>1,773,907</u> |
| Total liabilities | 90,497,172 | <u>51,874,845</u> |
| Shareholders' equity | | |
| Stated capital | 22,257,784 | 22,257,784 |
| Credit Risk Reserve | 396,416 | 188,839 |
| Retained earnings | (54,141,586) | (36,402,563) |
| Total shareholders' equity | (31,487,386) | (13,955,939) |
| Total equity and liabilities | 59,009,786 | <u>37,918,905</u> |

^{***} The shareholders' equity does not include deposit for shares of GHS46,191,267. If the deposit for shares is approved by Bank of Ghana and included in shareholder's equity, this will bring the shareholders' equity to GHS14,703,881.

Summary statement of changes in equity for the year ended 31 December 2024

| Year ended 31st December 2024 | Stated Capital | Deposit for Shares | Income Surplus | Credit Risk Reserve | Total |
|-------------------------------|-----------------------|---------------------------|----------------|---------------------|--------------|
| | GHS | GHS | GHS | GHS | GHS |
| At 1 January 2024 | 22,257,784 | - | (36,402,563) | 188,839 | (13,955,939) |
| Proceeds from issue of shares | - | - | - | - | - |
| Loss for the period | - | - | (17,531,447) | - | (17,531,447) |
| Regulatory risk reserve | | <u> </u> | (207,577) | 207,577 | |
| At 31 December 2024 | 22,257,784 | | (54,141,586) | <u>396,416</u> | (31,487,386) |
| | | | | | |
| Year ended 31 December 2023 | Stated Capital | Deposit for Shares | Income Surplus | Credit Risk Reserve | Total |
| | GHS | GHS | GHS | GHS | GHS |
| At 1 January 2023 | 22,257,784 | - | (22,022,269) | 231,282 | 466,798 |
| Proceeds from issue of shares | - | - | - | - | - |
| Loss for the period | - | - | (14,422,737) | - | (14,422,737) |
| Regulatory risk reserve | - | _ | 42,443 | (42,443) | |
| At 31 December 2023 | 2,257,784 | _ | (36,402,563) | <u> 188,839</u> | (13,955,939) |

Summary statement of cashflow for the year ended 31 December 2024

| | Dec-24 | Dec-23 |
|--|--------------------|-------------------|
| Cook floor from an and the north 200 | GHS | GHS |
| Cash flows from operating activities Profit/(Loss) before taxation | (17,531,447) | (14,422,737) |
| Adjustments for: | (17,331,447) | (14,422,737) |
| Depreciation of PPE | 1,093,503 | 960,301 |
| Amortization of Intangible asset | 130,096 | 117,458 |
| Amortisation of Right of use asset | 1,175,739 | 685,776 |
| Finance cost on leases | 1,848,371 | 000,770 |
| Modifications in leases | 1,040,071 | 95,095 |
| Loss/(Profit) on the sale of property, plant & equipment | - | - |
| Working capital changes: | | |
| Change in loans & advances | (14,767) | (7,800,896) |
| Change in other assets | (3,145,928) | 865,910 |
| Change customer deposits | 6,199,014 | 9,481,302 |
| Change in other liabilities | <u>1,411,363</u> | (281,002) |
| Cash generated from operations | (8,834,057) | (10,298,793) |
| Income taxes paid | _ | <u>-</u> |
| Net cash generated from/(used) in operating activities | (8,834,057) | (10,298,793) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,427,690) | (866,588) |
| Additions to Intangible Assets | - | (0) |
| Proceeds from sale of property, plant and equipment | <u>-</u> | <u> </u> |
| Net cash used in investing activities | (1,427,690) | (866,588) |
| Cash flows from financing activities | | |
| Deposit for shares | 30,671,980 | 8,377,421 |
| Lease payments | <u>(1,508,400)</u> | <u>(758,340)</u> |
| Net cash (used in)/generated from financing activities | <u>29,163,580</u> | <u>7,619,081</u> |
| Net change in cash and cash equivalents | 18,901,833 | (3,546,299) |
| Cash and cash equivalents at 1 January | 10,679,040 | 14,225,339 |
| Cash and cash equivalents at end of period | <u>29,580,873</u> | <u>10,679,040</u> |
| Analysis of cash and cash equivalents: | | |
| Cash & bank balances | 12,102,672 | 1,220,269 |
| Government securities | <u>17,478,201</u> | <u>9,458,771</u> |
| | <u>29,580,873</u> | <u>10,679,040</u> |

Regulatory Disclosures

| | 2024 | 2023 |
|--------------------------------|--------|---------|
| Capital Adequacy Ratio (%) | -88.8% | -49.94% |
| Non-performing Loans Ratio (%) | 10.19% | 17.29% |

Summary notes to the financial statements for the year ended 31 December 2024

1. Reporting Entity

The Company is incorporated in Ghana under the Companies Act, 2019 (Act 992) as a limited liability company and is domiciled in Ghana. The Company's principal activity is to transact business as a savings and loans company.

2. Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and Banks and Specialised Deposit—Taking Institutions Act, 2016 (Act 930). The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2024 in accordance with the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) which discloses the state of the affairs of the Company.

Principal activities

Affinity Ghana Savings and Loans Ltd is authorised to transact business as a savings and loans company.

Incorporation

The company was incorporated in Ghana on 27 January 2010 and obtained a license to operate as a Deposit-Taking Non-Bank Financial Institution on 28 March 2014. In March 2022, it obtained approval to upgrade its licence to a savings and loans category and subsequently rebranded to Affinity Ghana Savings and Loans Limited and started full operations as as savings and loans in April 2022.

Statement of Directors Responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Prepared the financial statements on the going concern basis, and
- Followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Auditors

The auditor, Morrison and Associates, will continue in office in accordance with section 139(5) of the Companies Act, 2019 (Act 992).

Going concern

The Company is in the third year of its operations and continues to invest in the core technologies and other capabilities needed to scale and achieve breakeven. These investments coupled with a delay in regulatory approval of digital channels has resulted in the Company continuing to record losses that invariably impair its capital. Following the approval of the digital platforms by the Bank of Ghana in December 2023, the company is expected ramp up its growth in 2025 while reducing the cost of operations to achieve breakeven between in 18 to 24 months. Consequently, Affinity Africa Finance Ltd, sole shareholder of Affinity Ghana Savings and Loans Ltd, continues to provide additional capital aimed at reaching the regulatory minimum equity position of a minimum GHS 15m by first half of 2025 to ensure that the Company continues as a going concern and breaks even. These commitments are in line with the Company s mission to build a safe, trustworthy, and digital-forward financial institution; providing affordable services to encourage financial inclusion to individuals as well as support the growth of MSMEs.

Additional capital injection

The company raised additional equity of GHS 30,671,980 from its investors as at 31 December 2024 which is classified as deposit for shares. Upon approval by Bank of Ghana and registered, this would bring the Company's stated capital to GHS52,929,764.

Approval of the report of the directors and financial statements

The report of the directors and the financial statements were approved by the board of directors on 24 April 2025 and signed on their behalf as follows:

DIRECTORS



INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFFINITY GHANA SAVINGS AND LOANS LTD

Opinion

We have audited the financial statements of Affinity Ghana Savings and Loans Limited, set out on pages 20 to 70, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Affinity Ghana Savings and Loans Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit - Taking Institutions Act, 2016 (Act 930).

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act, 2016 (Act 930) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

- 1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
- 2. In our opinion:
 - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
 - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:

The engagement partner on the audit resulting in this independent auditor's report is **Dr. Adom Adu-Amoah** (Practicing Certificate Number: ICAG/P/1294).

Morrision and Associates (ICAG/F/2025/097)

Chartered Accountants, 2nd Floor, Trinity House

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